

Minutes Corporate Governance and Human Resources Committee

October 22, 2015 | 1:00 p.m. – 2:00 p.m. Eastern

Conference Call

Jan Schori, Chair, called to order a duly noticed open meeting of the Corporate Governance and Human Resources Committee (the “Committee”) of the Board of Trustees of the North American Electric Reliability Corporation (“NERC”) on October 22, 2015, at 1:00 p.m. Eastern, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Committee Members

Jan Schori, Chair
Robert Clarke
Fred Gorbet
George Hawkins
Ken Peterson

Board of Trustees Members

Gerry Cauley, President and CEO
David Goulding
Roy Thilly

NERC Staff

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Tina Buzzard, Administrative Associate Director
Damon Epperson, Director of Human Resources
Scott Jones, Senior Director of Finance
Mark G. Lauby, Senior Vice President and Chief Reliability Officer
Janet Sena, Senior Vice President and Director of Policy and External Affairs
Michael Walker, Senior Vice President, Chief Financial and Administrative Officer and Treasurer

NERC Antitrust Compliance Guidelines

Ms. Schori directed the participants’ attention to the NERC Antitrust Compliance Guidelines included with the agenda materials.

Minutes

Upon motion duly made and seconded, the Committee approved the minutes of the August 12, 2015 meeting as presented at the meeting.

Board of Trustees Effectiveness Survey and Board Committees' Self-Assessment Surveys

Ms. Schori summarized the background to the development of this year's surveys, including the input from a joint working group of the MRC and Board. Mr. Berardesco summarized the changes made to the surveys since the August meeting and the schedule for distribution, which were included in the advance Committee materials. Mr. Gorbet expressed his appreciation for the efforts of the working group to improve the surveys. Upon motion duly made and seconded, the proposed surveys were approved.

ERO Enterprise and Corporate Metrics Q3 2015 Report

Mr. Lauby, referencing the report included in the advance Committee materials, reported that as of the end of the third first quarter of 2015, the company is on target for the vast majority of its goals. He noted areas where performance was below target and summarized efforts to meet target by year end or where attainment of threshold was more likely. Mr. Alan Mosher commented on stakeholder comments in the ERO Effectiveness survey addressing the cost-effectiveness of reliability standards and suggested that understanding the background of those comments should be a future focus. Mr. Cauley indicated that would be a future focus area for management.

Independent Trustee Compensation Philosophy

Ms. Schori summarized the background to the development of the proposed trustee compensation philosophy, which had been included in the advance Committee materials, including discussions with the MRC leadership about the advantages of developing such a philosophy. Mr. Berardesco summarized the proposed philosophy, noting it would be included as a part of the NERC Governance Guidelines. Mr. Nabil Hitti, MRC Vice Chair, indicated that the proposed philosophy was consistent with the suggestions from the MRC leadership. Upon motion duly made and seconded, the Committee recommended Board approval of the proposed amendments to the NERC Governance Guidelines to include the trustee compensation philosophy as presented to the Committee at this meeting.

Annual 401(k) Audit

Mr. Jones provided a review of the purpose and results of the audit of the company's 401(k) plan, which had been included in the advance Committee materials, and answered the Committee member's questions.

Corporate Governance and Human Resources Mandate

Mr. Berardesco referenced the proposed amendments to the Committee's mandate, which had been included in the advance Committee materials. He noted that the recommendations were the result of a Legal Department review, utilizing the approach that had been developed for amendments to the mandate for the Compliance Committee. Mr. Berardesco noted there were relatively few changes to the mandate other than organization and modernization of language. He summarized the only significant proposed changes to the mandate, which included (i) deletion of the requirement for Committee approval of changes to the company's employee handbook, in light of the Committee's role in approving major company policies, (ii) consolidation of references to various policies that were now included in the Governance Guidelines and (iii) adding the ability of the Committee to engage, consistent with the Board's Finance and Audit Committee, independent advisors, particularly in light of its potential role in investigations. After discussion, and upon motion duly made and seconded, the proposed revisions to the Committee's mandate were recommended for Board approval.

Staffing and Recruiting Update

Mr. Epperson summarized the staffing and recruiting update, which had been included in the advance Committee materials.

Adjournment

There being no further business, and upon motion duly made and seconded, the meeting was adjourned.

Submitted by,



Charles A. Berardesco
Secretary